

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 29, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 8-1-8.8 IS ADDED TO THE INDIANA CODE AS
- 3 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
- 4 PASSAGE]:
- 5 **Chapter 8.8. Utility Generation and Clean Coal Technology**
- 6 **Sec. 1. (a) The general assembly makes the following findings:**
- 7 (1) Growth of Indiana's population and economic base has
- 8 created a need for new electric generating capacity in Indiana.
- 9 (2) The development of a robust and diverse portfolio of
- 10 electric generating capacity is needed if Indiana is to continue
- 11 to be successful in attracting new businesses and jobs.
- 12 (3) Indiana has considerable natural resources that are
- 13 currently underutilized and could support development of
- 14 new electric power at an affordable price.
- 15 (4) Certain regions of the state, such as southern Indiana,
- 16 could benefit greatly from new employment opportunities
- 17 created by development of electric generating plants utilizing
- 18 the plentiful supply of Indiana coal.
- 19 (5) Technology can be deployed that allows high sulfur coal
- 20 from the geological formation known as the Illinois Basin to
- 21 be burned efficiently while meeting strict state and federal air
- 22 quality limitations. Specifically, the state should encourage the
- 23 use of advanced clean coal technology, such as coal
- 24 gasification.
- 25 (6) It is in the public interest for the state to encourage the
- 26 construction of new electric generating facilities that increase

the in-state capacity to provide for current and anticipated electricity demand at a competitive price.

(b) The purpose of this chapter is to enhance Indiana's energy security by ensuring all of the following:

(1) Indiana's electric generating capacity continues to be adequate to provide for Indiana's current and future electricity needs, including the support of the state's economic development efforts.

(2) The vast and underutilized coal resources of the Illinois Basin are used as a fuel source for new electric plants.

(3) The electric transmission system within Indiana is upgraded to distribute additional amounts of electricity more efficiently.

(4) Jobs are created as new electric plants are built in regions throughout Indiana.

Sec. 2. As used in this chapter, "clean coal and energy projects" means new electric generating facilities that are fueled primarily by coal or gases derived from coal from the geological formation known as the Illinois Basin, including any of the following:

(1) Mine-mouth power plants.

(2) Projects that employ the use of clean coal technology.

(3) Projects to develop alternative energy sources, including renewable energy projects.

(4) Projects to provide scrubber technology for existing energy generating plants.

(5) Projects to provide electric transmission facilities.

Sec. 3. As used in this chapter, "costs associated with qualified utility system property" means capital, operation, maintenance, depreciation, tax costs, and financing costs of or for qualified utility system property.

Sec. 4. As used in this chapter, "eligible business" means an energy utility (as defined in IC 8-1-2.5-2) that proposes to construct, repower, or acquire a new electric generating facility.

Sec. 5. As used in this chapter, "group" refers to the forecasting group established by IC 8-1-8.5-3.5.

Sec. 6. (a) As used in this chapter, "new electric generating facility" refers to a facility that satisfies all of the following:

(1) The facility is a:

(A) newly constructed, newly repowered, or newly acquired electric generation plant; or

(B) newly constructed generation capacity expansion at an existing facility;

dedicated primarily to serving Indiana retail customers.

(2) The acquisition, repowering, or construction of the facility was completed by an Indiana utility after July 1, 2001.

(3) The facility has an aggregate rated generating capacity of at least one hundred (100) megawatts for all units at one (1) site.

(b) The term includes the transmission lines and associated equipment that transfers electricity from points of supply to points

1 of delivery.

2 **Sec. 7.** As used in this chapter, "qualified utility system
3 property" means any new electric generating facility used, or to be
4 used, in whole or in part, on a utility system to generate electricity
5 to provide retail energy service (as defined in IC 8-1-2.5-3)
6 regardless of whether that service is provided under IC 8-1-2.5 or
7 another provision of this article.

8 **Sec. 8. (a)** As used in this chapter, "renewable energy resources"
9 means alternative sources of renewable energy, including the
10 following:

- 11 (1) Energy from wind.
- 12 (2) Solar energy.
- 13 (3) Thermal energy.
- 14 (4) Photovoltaic cells and panels.
- 15 (5) Dedicated crops grown for energy production.
- 16 (6) Organic waste biomass.
- 17 (7) Hydropower.

18 **(b)** The term does not include energy from the incinerations,
19 burning, or heating of any of the following:

- 20 (1) Waste wood.
- 21 (2) Tires.
- 22 (3) General household, institutional, commercial, industrial
23 lunchroom, office, or landscape waste.
- 24 (4) Construction or demolition debris.

25 **Sec. 9. (a)** The commission shall encourage clean coal and
26 energy projects by creating the following financial incentives for
27 the construction and operation of projects:

- 28 (1) The timely recovery of costs incurred during construction
29 and operation.
- 30 (2) The authorization of up to three hundred (300) basis
31 points on the overall rate of return that would otherwise be
32 allowed to be earned on such projects.
- 33 (3) Other financial incentives the commission considers
34 appropriate.

35 **(b)** An eligible business must file an application to the
36 commission for approval of a clean coal and energy project under
37 this section.

38 **(c)** The commission shall promptly review an application filed
39 under this section for completeness. The commission may request
40 additional information the commission considers necessary to aid
41 in its review.

42 **Sec. 10. (a)** The commission shall provide financial incentives to
43 eligible businesses for new electric generating facilities in the form
44 of timely recovery of the costs incurred in connection with the
45 construction, acquisition, repowering, operation, or maintenance
46 of the facilities.

47 **(b)** An eligible business seeking authority to timely recover the
48 costs described in subsection (a) must apply to the commission for
49 approval of a rate adjustment mechanism in the manner
50 determined by the commission.

(c) An application must include the following:

- (1) A schedule for the completion of construction, repowering, or acquisition of the new electric generating facility for which rate relief is sought.
- (2) Copies of the most recent integrated resource plan filed with the commission.
- (3) The amount of capital investment by the eligible business in the new electric generating facility.
- (4) Other information the commission considers necessary.

(d) The commission shall allow an eligible business to recover the costs associated with qualified utility system property if the eligible business provides substantial documentation of the expected costs associated with qualified utility system property and the schedule for incurring those costs.

(e) A retail rate adjustment mechanism proposed by an eligible business under this section may be based on actual or forecasted data.

(f) The commission may consider approving a retail rate adjustment mechanism that complies with the provisions of this section. If forecast data is utilized, the retail rate adjustment mechanism must contain a reconciliation mechanism to correct for any variance between the forecasted costs and the actual costs.

(g) An eligible business shall file a monthly report with the department of commerce stating the following information:

- (1) The amount of Illinois Basin coal, if any, purchased during the previous month for use in the new electric generating facility.
- (2) The purchase price of the coal described in subdivision (1).
- (3) The amount of Indiana occupation and use taxes paid on the coal described in subdivision (1) to the seller of that coal.
- (4) Such other information as the department of commerce may reasonably require.

Sec. 11. The group shall conduct an annual study on the use, availability, and economics of using renewable energy resources in Indiana. Each year, the group shall submit a report on the study to the commission for inclusion in the commission's annual report to the regulatory flexibility committee described in IC 8-1-25-9 and IC 8-1-2.6-4. The report must include suggestions from the group to encourage the development and use of renewable energy resources and technologies appropriate for use in Indiana.

1 **SECTION 2. An emergency is declared for this act.**
 (Reference is to SB 29 as introduced.)

and when so amended that said bill be reassigned to the Senate Committee on Energy and Economic Development.

GARTON Chairperson